

LAND

Land is real property, excluding buildings, with title owned by the State. The asset cost recorded in this account includes purchase price plus any ancillary costs such as: legal and title fees, surveying fees, appraisal and negotiation fees, damage payments and site preparation costs (clearing, filling, leveling, landscaping and grading).

If the land has unwanted buildings that are demolished, the demolition cost should be added to the cost of the land.

If the land is acquired by exercise of the right of eminent domain, the award to the landowners becomes the equivalent of the purchase price and is treated similarly to land purchased so far as accounting is concerned.

There is no minimum dollar threshold for land. All land must be recorded in the Fixed Asset system.

The following object codes are available to record land purchases;

- 7001 Purchase of Land
- 7003 Lease Purchase of Land

The above object codes will always create a partially completed FA document (shell) on the Suspense table, which needs to be completed and approved before payment will be released.

Object code 7006, Cost to Prepare Land, can be used to record ancillary costs. This object code will not create a FA document, however all ancillary costs must be included with the cost of the land by manually recording these costs with FB documents.

Intangible assets are items that are not physical in nature but are still deemed to be assets to the State. Conservation easements are intangible assets that must be recorded in the Fixed Asset system. All agencies except DOT should use object code 7590 to record such easements. DOT should use object code 7501 to record its easements and land rights.

Intangible assets are recorded at cost. Cost includes all costs of acquisition and expenditures necessary to make the intangible asset ready for its intended use, such as legal fees and other incidental expenditures.

Object code 7590 will create a partially completed FA document on the SUSF table that needs to be completed before payment will be released.

At times, an Agency may require the immediate release of a check to meet certain deadlines. In these rare cases, send the PV as usual to Pre-Audit, noting that the document requires immediate attention. In addition, send an e-mail requesting the check be released without the completion of the FA to: Kim Hall and Marie Wilson. Provide the Vendor Code and PV number. The Office of the State Controller will then remove the payment hold and allow the check to be cut during overnight processing.

This procedure does not remove the responsibility of the Agency to complete and process the FA document.

Occasionally, the State may purchase a piece of property on which it held a conservation easement. A new asset needs to be recorded in the Fixed Asset system under Land. The cost of the land is the purchase price plus the amount of the conservation easement. The conservation easement then needs to be deleted from the Fixed Asset system.